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FM AMEMBASSY SANTO DOMINGO  
TO RUEHC/SECSTATE WASHDC 1199  
INFO RUEHZA/WHA CENTRAL AMERICAN COLLECTIVE  
RUCPDO/USDOC WASHDC 1752  
RUEATRS/DEPT OF TREASURY WASHDC

C O N F I D E N T I A L SANTO DOMINGO 001199

SIPDIS

PLEASE PASS TO USTR (DOLIVER)

E.O. 12958: DECL: 07/24/2018

TAGS: [ECON](#) [ETRD](#) [DR](#)

SUBJECT: PRESIDENT FERNANDEZ ACKNOWLEDGES POLITICS MORE  
IMPORTANT THAN RULE OF LAW, TELLS CHEVRON ONLY CHOICE IS TO  
NEGOTIATE

REF: SANTO DOMINGO 1185

Classified By: Charge d'Affaires Roland Bullen, reasons 1.4 (b) and (d)

¶1. (C) In a meeting on July 22, President Fernandez asked Chevron to extend a contract with fuel transporters for one more year and offered to sign a personal guarantee that the contract would end after that time. This was the same request that the President delivered to the Ambassador on July 21 (ref). According to Hector Infante, Chevron Manager for Caribbean Global Downstream, Fernandez acknowledged that the political factors involved in the dispute were more important than the economic impact on the country and the need to implement the rule of law. In a meeting at the Embassy on July 23, Infante told the Charge d'Affaires that Fernandez openly spoke about the need for Chevron "to offer something" to the transporters in order to resolve the situation. According to Infante, Fernandez also said he would not send the police or army in to end the blockade because that would end his political career.

¶2. (C) Rafael Williamson, Chevron Regional Manager for Latin America Global Downstream, told the Charge that Chevron has agreed to meet with the transporters on July 29 to listen to their concerns and to talk about possible compensation offers. He added that Chevron will not agree to any extension of the contract because they cannot trust the government to live up to its agreement. In the meantime, the blockade was lifted on July 22, under pressure from the President, and Chevron is freely operating at this time. However, Chevron is nervous that the blockade could resume when they inform the transporters next week that a contract extension is not an option. Williamson and Infante were disappointed by the President's disregard for the importance of the rule of law in the country. However, they believe that they may be able to resolve the dispute through further negotiation which is in the best interest of the company since they need to continue to operate in the country and maintain good relations with the government. Chevron is not asking for additional USG advocacy at this time given that the President told them directly that the only way to resolve the dispute is through negotiations.

¶3. (C) Comment: Post understands Chevron's concern over needing to protect its business operations, which require good cooperation with the government, and therefore its interest in resolving the dispute through negotiations. However, Fernandez's disregard for the legal system and insistence on a negotiated settlement give the impression that he may stand to gain personally from such an agreement. His decision to ignore a court order to end the blockade sends a negative message to the private sector about the willingness of the government to interfere in commercial disputes. Post recommends that the USG continue to raise

this issue with the Dominican government when appropriate in order to send a message that the DR must live up to its obligations under CAFTA-DR.

BULLEN